

## Message Text

CONFIDENTIAL

PAGE 01 KABUL 03450 020834Z

12

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-01 PRS-01 L-03

H-02 ABF-01 FS-01 /082 W

----- 012654

R 020340Z JUN 75

FM AMEMBASSY KABUL

TO /SECSTATE WASHDC 2787

INFO USDOC WASHDC

C O N F I D E N T I A L KABUL 3450

EO 11652: GDS

TAGS: EFIN, AF

SUBJ: GOA ANNOUNCES BANK NATIONALIZATION

1. IN RADIO ANNOUNCEMENT NIGHT OF MAY 31 AND VERNACULAR PRESS MORNING OF JUNE 1, GOA ANNOUNCED IT HAS QUOTE DECIDED TO NATIONALIZE BANKS AND BANKING IN AFGHANISTAN UNQUOTE. IN THE VAGUELY WORDED ANNOUNCEMENT, PRESIDENT DAOUD WAS QUOTED AS SAYING (DATE UNSPECIFIED) QUOTE THE REPUBLICAN REGIME WILL PREVENT INCREASED PROFITS BY CURRENCY CIRCULATION IN THE BLACK MARKETS, AND WILL ENCOURAGE SAVINGS ACCOUNTS AND TRUST FUNDS IN BANKS UNQUOTE.

2. AT DINNER AT AMBASSADOR'S RESIDENCE EVENING OF ANNOUNCEMENT, DR. FARIS RAAHID, DIRECTOR OF ECONOMIC RELATIONS, MFA, STATED THAT THIS WAS ENTIRELY AN INTERNAL MATTER, AND WOULD HAVE NO EFFECT ON FOREIGN INTERESTS. HE EXPLICITLY STATED THAT THE LAW PROVIDED "A SPECIAL FORMULA" FOR THE INDUSTRIAL DEVELOPMENT BANK (IDBA) WHICH HAS FOREIGN SHAREHOLDERS. ACCORDING TO US DIRECTOR OF IDBA IN KABUL FOR ANNUAL BOARD MEETING, THIS WAS CONTRADICTED BY MINFINANCE ABDELELLAH TO DR. NOOR ALI, PRESIDENT OF IDBA, IN MEETING MORNING OF JUNE

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KABUL 03450 020834Z

1. IN THAT MEETING, ABDELELLAH IS REPORTED AS SAYING THAT

LAW PROVIDES FOR 100 PERCENT GOA OWNERSHIP OF ALL BANKS, INCLUDING IDBA, THAT A COMMITTEE WAS BEING FORMED TO CONSIDER METHOD OF TAKEOVER AND REIMBURSEMENT OF AFGHAN AND FOREIGN SHAREHOLDERS, THAT NATIONALIZATION WILL BE COMPLETED WITHIN ONE YEAR OF DATE OF ANNOUNCEMENT (I.E., MAY 30, 1976), AND THAT LAW WILL BE PUBLISHED IN SFARSI AND ENGLISH -IN THREE OR FOUR DAYS". HE ALSO STATED THAT NATIONALIZATION COMMITTEE IS EXPECTED TO MAKE ITS RECOMMENDATIONS WITHIN THREE TO FIVE MONTHS.

3. ACCORDING TO JOHN ROSE, IMF RESREP, NO ONE AT DA AFGHAN-ISTAN BANK (CENTRAL BANK) WAS SURPRISED, BUT THEY WERE UNPREPARED FOR SUDDEN ANNOUNCEMENT. ACCORDING TO BANK PERSONNELGX NATIONALIZATION COMMITTEE CONSISTS OF HAKIM, PRESIDENT OF DA AFGHANISTAN BANK; A REPRESENTATIVE FROM MINISTRY OF PLANNING; ZIR GUL WARDAK, PRESIDENT OF TREASURY, MINISTRY OF FINANCE; AN ECONOMIST FROM KABUL UNIVERSITY; AND FARID RAFIQ, PRESIDENT OF EXPORT PROMOTION, MINISTRY OF COMMERCE, WHOSE EXPORT PROMOTION BANK IS IN THE PROCESS OF FORMATION FOLLOWING APPROVAL OF A \$10 MILLION LOAN FROM IRAN. RAFIQ, WHEN ASKED, STATED THAT HE EXPECTED HIS NEW BANK TO TAKE OVER ALL COMMERCIAL TRADE ACTIVITY FOR AFGHANISTAN.

4. AS A RESULT OF THIS ANNOUNCEMENT, THE OPEN MONEY MARKET IN KABUL CAME TO A VIRTUAL STANDSTILL TODAY, WITH NO NEW TRANSACTIONS REPORTED. FIVE DIFFERENT MONEY DEALERS STATED TO EMBOFF THAT THEY EXPECTED THE MINFINANCE TO USE THIS LAW TO ATTEMPT ONCE AGAIN TO CLOSE THE MARKET.

5. NO COMMENT ON THE EXPECTED EFFECT OF THIS LAW CAN BE MADE UNTIL THE TEXT OF THE LAW IS AVAILABLE IN APPROXIMATELY A WEEK. KABUL IS BRIMFUL OF RUMORS, AS USUAL, BUT NO CLEAR INDICATIONS OF THE WIDER MEANINGS OF THIS ANNOUNCEMENT ARE AVAILABLE.  
ELIOT

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANK NATIONALIZATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** SmithRJ  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975KABUL03450  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750191-0916  
**From:** KABUL  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750690/aaaadelp.tel  
**Line Count:** 97  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** SmithRJ  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 29 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <29 JUL 2003 by ShawDG>; APPROVED <24 NOV 2003 by SmithRJ>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOA ANNOUNCES BANK NATIONALIZATION  
**TAGS:** EFIN, AF  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006